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TREASURY PLEASE PASS TO U/S TIM ADAMS
TREASURY PLEASE PASS TO LESLIE HULL, OFFICE OF EUROPE AND
EURASIA

E.O. 12958: DECL: 07/18/2021

TAGS: [ECON](#) [EFIN](#) [IT](#)

SUBJECT: BANK OF ITALY GOVERNOR DRAGHI MAPS WAY FORWARD ON
SWIFT, OUTLINES FISCAL PRIORITIES

Classified By: Jill Byrnes, Acting Minister Counselor for Economic
for Affairs Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. In a meeting July 7 with Treasury Under
Secretary for International Affairs Timothy Adams, Bank of

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Italy Governor Mario Draghi expressed his desire that USG
SWIFT wire transfer monitoring continues, and proposed the G8
countries pass legislation legalizing monitoring of SWIFT
wire transfers. Draghi said his priorities as Central Bank
Governor are to improve economic growth and manage the
economy's landing. End summary.

[1](#)2. (C) During his meeting with Treasury Under Secretary
Adams, Bank of Italy Governor Mario Draghi said that
monitoring of wire transfers vis the SWIFT network must
continue, "stopping would be disastrous." He noted European
Central Bankers are in a difficult position because, as
members of SWIFT's Board of Directors, they had been briefed
on the USG's monitoring program at least once, but may not
have necessarily informed their Finance Ministers. Draghi
suggested the development of a unified position on the SWIFT
issue, and that model legislation be drafted under which
SWIFT transfers could continue to be monitored. He noted the
monitoring which had taken place is illegal in Italy,
Germany, France, Canada, and Japan.

[1](#)3. (C) Draghi stated that as a logistical matter, it would
be best to launch this effort after the G7 Finance Ministers
have discussed the issue. They could then present a coherent
package of proposals to the public. U/S Adams agreed with
Draghi's proposal that the Europeans should adopt any
necessary laws to facilitate tracking terrorist financing,
adding that the USG might be able to provide examples of how
data obtained through monitoring SWIFT wire transfers has led
to arrests or otherwise been useful to law enforcement
officials.

[1](#)4. (U) Draghi said he is still settling in to his
responsibilities as Governor (Draghi took office in January
2006) and is finding the problems facing the Bank of Italy
and the Italian economy to be "broad, deep, and complex." He
noted that the job of Governor is a high-visibility one in
which "mistakes have consequences." Draghi said his two main
worries are starting economic growth in Italy and "managing
the landing" of the Italian economy. Specifically, he wants
to define what is needed to "restart Italy's economic
engine," end negative productivity, and bring back the free
market of the 1950's and 1960's. He noted Italy's current

economic situation (flat growth, high debt and deficit) is "unacceptable." On the issue of managing Italy's economic landing, Draghi said "there is going to be a landing, it's just a matter of when and how." Draghi's goal is to ensure Italy's avoids a "dead cat" landing, noting "a dead cat only bounces once."

15. (U) Comment. Before U/S Adams' meeting with Draghi, Adams' host in Italy, Italian IMF Executive Director Arrigo Sadun, stated that Draghi was still in the process of asserting full control over the Bank of Italy bureaucracy. Sadun explained that Draghi is implementing incremental changes in the way the Bank does business to bring about change without unsettling the Bank's deeply entrenched and bureaucratically conservative civil servants, whom Draghi praised during the meeting as "a great staff" and part of "a great institution." We expect that as he solidifies his control over the Bank's bureaucracy, Draghi will become bolder in implementing reform of the Bank's staid culture and approach to managing the Italian economy. Draghi, a graduate of MIT (Doctorate in economics, 1976) and a former partner in Goldman Sachs, will doubtless become a valuable and reliable interlocutor. He told U/S Adams he welcomes a visit by Treasury Secretary Paulson at Paulson's earliest convenience.
End comment.

16. (U) This message was cleared by U/S Adams.
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